



In February, the Treasurer and a group of high level state officials presented the State's budget and economic outlook to the three rating agencies. The strength, quickness and stability of California's economic recovery impressed and surprised the rating analysts. The good news about California's economy and budget was well received by the rating agencies.

While the cyclical nature of California's economy and budget has always been a concern of the rating agencies, the rating agencies noted several positive trends for California. In addition to the State's economic recovery, the rating agencies were pleased with the trend toward healthier budget reserves and noted that the State's revenues had outpaced projections. The agencies were also encouraged by the State's improved cashflow position and General Fund balance.



LAO's Assessment of Governor's Budget

Ask the State Treasurer

Q: My bond has matured, can I roll over the principal?

A: When a bond matures, we are required to make payment on the maturity date. If you are interested in reinvesting your proceeds in currently available State of California bonds, please contact your broker.

Q: Why haven't I received a 1099-B Form from your office for reporting my state and federal taxes?

A: The only time we will send you a 1099-B Form is when you have received a principal payment from us during the last calendar year. Tax-exempt interest payments are not reported to the I.R.S or the Franchise Tax Board.

Questions???

Do you have a question you would like to ask the Treasurer? Send it to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.

The Treasury Note Mailing List

If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.

Attention Registered Bondholders:

The State Treasurer's office is planning to implement an Electronic Fund Transfer (EFT) program for bond interest payments. If you would be interested in receiving your interest payments via EFT, please call (916) 653-2884.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker about two weeks before the sale date. For updated information regarding upcoming sales, please contact the State Treasurer's office at (916) 653-3243.

BOND SALES	AMOUNT (in millions)	SALE DATE
Department of Water Resources Variable Rate Bonds	\$18	March 10, 1997
General Obligation Bonds	\$500 million to \$1 billion	March 18, 1997
State Public Works Board-California Community Colleges and Various Refunding	\$70-110	April 1997
Department of Veterans Affairs Refunding	\$108	May 1997
East Bay State Office Building Refunding	\$50	Market Watch
Franchise Tax Board Refunding	\$25	Market Watch

***Subject to change without notice**

Listing of Redemptions

This listing reflects redemptions officially announced as of March, 1997. These bonds will be redeemed on April 1, 1997.

State Public Works Board of the State of California High Technology Facilities Lease Revenue Bonds (The Regents of the University of California), 1986 Series A (Irvine Facility) (Partial Redemption)

\$305,000 due April 1, 2006 will be redeemed.

State Public Works Board of the State of California High Technology Facilities Lease Revenue Bonds (The Regents of the University of California), 1986 Series A (San Diego Facility) (Partial Redemption)

\$2,425,000 due April 1, 2006 will be redeemed.

State of California Veterans Bonds, Series AX (Partial Redemption)

\$100,000 due April 1, 2004 will be redeemed.

State of California Veterans Bonds, Series AY (Partial Redemption)

\$4,200,000 due April 1, 2019 will be redeemed.

If there are any questions regarding the purpose or timing of these calls, please call (916) 653-3451. For redemption or registration information, please call (916) 653-2884.